

Interstate Telecommunications Sold to Qualified Call Centers

TV & Telecom tax notice

Effective January 1, 2000, Public Chapter 413 (Tenn. Code Ann. Section 67-6-356) repeals the exemption for interstate WATS but provides an exemption from sales and use tax for interstate telecommunications sold to a business for use in the operation of a call center.

A “call center” is a single location that utilizes telecommunication services in one (1) or more of the following activities: customer services, soliciting sales, reactivating dormant accounts, conducting surveys or research, fund raising, collection of receivables, receiving reservations, receiving orders, or taking orders.

Interstate telecommunications are defined as those telecommunications that originate or terminate outside of Tennessee pursuant to Tenn. Code Ann. Section 67-6-102(15). Tennessee statutes provide that interstate telecommunications that originate or are received in this state and which are billed or charged to a service address in this state are subject to sales tax. Tenn. Code Ann. Section 67-6-102(24)(F)(iii).

In order for a business to be eligible for the sales tax exemption for a “call center,” it must have at least 250 employee jobs engaged primarily in the above “call center” activities. The business must file an

application with the Department of Revenue. Once the application is approved, the department will issue an exemption certificate authorizing the business to make tax-exempt purchases of interstate telecommunication services that are to be used in the operation of the call center. The public chapter provides that no telecommunication service provider may sell interstate telecommunication services under claim of exemption unless the call center customer has been issued an exemption certificate authorizing the tax-exempt purchase. Any business making purchases of interstate telecommunication services that does not maintain 250 employee jobs during the month shall be liable for the sales tax on such services at the state rate of 3.5%. There is no local tax on interstate telecommunication services sold to businesses.

Local and intrastate telecommunication services used in the operation of a call center are not exempt from state and local sales tax under this section.

Applications may be obtained from and submitted to: Tennessee Department of Revenue, Taxpayer Services Division, Attn: Call Center, Andrew Jackson State Office Building, 3rd Floor, Nashville, TN 37242.

Have questions or comments? Please let us know. [Contact us.](#)

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